Alberta Hail & Crop Insurance Corporation

20th ANNUAL REPORT

FOR THE YEAR ENDED MARCH 31, 1988

BOARD OF DIRECTORS
PETER TRYNCHY, M.L.A. Chairman
JAMES DAINES Vice-Chairman
SUSAN DUFFIELD
ALBERT KOOY
JOHN KRALL
HARVEY LEHR
FRANK SCHWENGLER
GLENN M. GORRELL General Manager
E.A. PATCHING Executive Secretary to Board of Directors

CANADA·ALBERTA Crop Insurance

5718 56th AVENUE, BAG SERVICE NO. 16, LACOMBE, ALBERTA T0C 1S0 TELEPHONE 782-4661

November 30, 1988

The Honourable Shirley Cripps
Associate Minister of Agriculture
Province of Alberta
Edmonton, Alberta

Madame:

I have the honour of submitting herewith the Twentieth Annual Report of the Alberta Hail and Crop Insurance Corporation.

This report, submitted in accordance with Section 9 of the "Hail and Crop Insurance Act" being Chapter H-1 R.S.A. 1980, contains a summary of operations and the audited financial statements for the fiscal year ending March 31, 1988.

Respectfully submitted,

Peter Trynchy
Chairman, Board of Directors

ALBERTA HAIL AND CROP
INSURANCE CORPORATION

Board of Directors

Alberta Hail and Crop Insurance Corporation

Peter Trynchy, M.L.A. Mayerthorpe	—Chairman
James P. Christie Trochu	—Vice-Chairman Retired March 15, 1988
James W. Daines Innisfail	—Director Appointed Vice-Chairman March 15, 1988
John Langelier Falher	—Director Retired March 15, 1988
Robin Wallace Barrhead	—Director Retired March 15, 1988
Albert Kooy Lethbridge	—Director
Frank Schwengler St. Paul	—Director
Susan Duffield Cereal	—Director Appointed March 4, 1988
John Krall Nampa	—Director Appointed March 4, 1988
Harvey Lehr Fort Assiniboine	—Director Appointed March 4, 1988
J.M. McKay Calgary	—Executive Secretary Retired December 31, 1987
Edwin A. Patching Lacombe	—Executive Secretary Appointed January 1, 1988

Principal Officers

Edwin A. Patching, B.Sc.	—General Manager To December 31, 1987
Glenn M. Gorrell, B.S.A.	—General Manager Appointed January 1, 1988
L.G. Bannerman, C.A.	—Comptroller
Louis H. Nelson, C.M.A., C.A.M.	—Office Manager
Rodney A. Rains, B.Sc.	—Director of Research
A.E. (Bert) Sager	—Director of Country Operations

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CANADA · ALBERTA
Crop Insurance

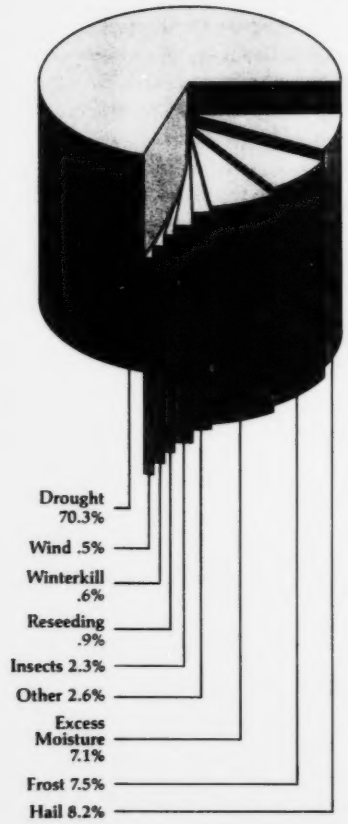
ALBERTA Hail Insurance

Agriculture Canada

Alberta

Directors' Report

Total Alberta Crop Insurance Losses 1987 Crop Year (Excluding Hail Endorsement)



Organization

Alberta Hail and Crop Insurance Corporation is a crown corporation of the Province of Alberta established under authority of the Hail and Crop Insurance Act (1969). This Act provided for the merger of the Alberta Hail Insurance Board and the Alberta Crop Insurance Corporation. Since the merger, the Corporation has administered two separate insurance programs: Hail Insurance and "All-Risk" Crop Insurance.

While the two programs are administered by one staff, they are operated independently. This is necessary since the Hail Insurance program is self-sustaining and receives no subsidies, whereas Canada-Alberta Crop Insurance is supported by both the federal and provincial governments.

The administration and adjusting are carried out by the same employees, providing increased operational efficiency, but a separate accounting of premiums, claims and expenses is maintained for each program. Where possible administrative expenses are allocated directly to each program. Unallocated costs are apportioned according to a formula based on the number of contracts in force in a given year.

The Head Office of the Corporation is situated in Lacombe. For administrative purposes the province is divided into seven regions, each with a Supervisor in charge. Fifty-three offices are strategically located throughout the province to serve the needs of policyholders.

Sales of hail insurance are mainly made by the Corporation's network of approximately 340 commission agents, while crop insurance sales are handled by the District Offices and part-time fieldmen attached to the offices. Adjusting of both hail and crop insurance is coordinated through the District Offices and is done by a trained staff of nearly 150 part-time adjusters.

Activities of the Board of Directors

The Board of Directors held twelve regular monthly meetings, and one special meeting, during the 1987-88 fiscal year. In addition, they attended the National Crop Insurance Conference held July 6 to 10, 1987, in Halifax, Nova Scotia, as well as a Western Regional Conference held in conjunction with the National Conference. The National Conference, held biennially, was attended by Crop Insurance Directors and senior staff from each province across Canada. Its purpose is to give those involved in setting crop insurance policy a broad view of crop insurance, to exchange information and ideas, and to discuss problems of mutual interest. The Western Regional Conference provides the opportunity to discuss problems common to the grain growing areas of the west and to arrive at a consensus of opinion regarding price options and other policies for the forthcoming year.

Directors dealt with the usual administrative operations of the Corporation, and considered a substantial number of appeals. In addition they spent time reviewing crop and hail insurance policy, and particularly those changes in policy recommended by the Crop Insurance Review Panel. Major recommendations of the panel included:

1) That all policyholders be required to insure under an Individual Coverage Plan by 1988 but if this is not feasible to eliminate inequities which have existed between the Individual Coverage and area-based coverage;
2) Development of a Disaster Insurance Plan to eliminate the need for ad-hoc assistance programs in event of widespread disasters;
3) Work toward the development of a Prairie Grain Revenue Insurance Plan for producers which would supplement crop insurance by providing protection against falling grain prices; and
4) Make a thorough review of the Forage Insurance Program with the objective of strengthening the program and making it better suited to the needs of farmers in all regions of the province.

The Review Panel made a large number of other recommendations as well, all of which have had to be carefully studied, assessed, and where considered feasible, plans developed for implementation. Much of the meeting time of Directors during the last year was devoted to considering these recommendations, but because the Panel's report was not released until after most plans for the 1987 season had been finalized it was not possible to implement the majority of the recommendations during the year under review.

Research and further study with respect to the recommendations of the Review Panel continued throughout the year in preparation for implementation as soon as possible. Work was initiated on the realignment of risk area boundaries and the recalculation of premium rates in these areas, based on the actual loss experience of more than twenty years.

From the operating standpoint, 1987 was another busy year for the Corporation and the Directors. Seeding took place in good time and harvest was generally completed much earlier than normal. However, because of dry conditions in southern and eastern Alberta and the Peace River during the spring and early summer, substantial losses were experienced necessitating a large number of field inspections and post-harvest claims.

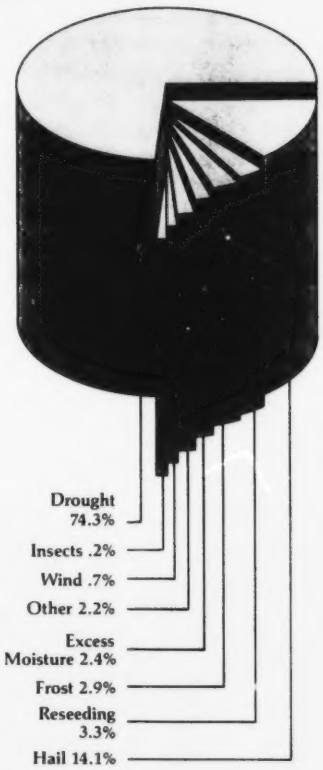
The Directors wish to express their sincere appreciation to the staff in Head Office and the District Offices, along with Field Staff, for their excellent work in serving the needs of policyholders during the past year.

During the year a consulting firm was commissioned to review the Corporation's staffing and management structure. The study was completed and the report contained a number of recommendations that, as implemented, will strengthen the administrative functions of the organization. The same firm assisted the Directors in the search for a new General Manager to replace Mr. E.A. Patching, who was approaching retirement after having served in that capacity since the inception of crop insurance in Alberta in 1964. Effective January 1, 1988 Mr. Glenn Gorrell replaced Mr. Patching as General Manager, who in turn succeeded Mr. J.M. McKay as Executive Secretary to the Board of Directors.

In March of 1987 three new Directors were appointed to the Board of Directors by Order-in-Council. They were Mrs. Susan Duffield of Cereal, Mr. Harvey Lehr of Fort Assiniboine, and Mr. John Krall of Nampa. They replaced Mr. John Langelier of Falher, Mr. J.P. Christie of Trochu, and Mr. Robin Wallace of Barrhead, who had all served as Directors since 1973.

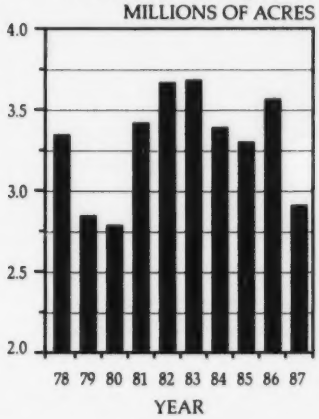
The Directors acknowledge with sincere thanks the valuable contribution made by these retiring senior officials and Directors during their long period of service to the Corporation.

Total Alberta Crop Insurance Losses 1981-87 Crop Years (Excluding Hail Endorsement)



Alberta Hail Insurance

Acres Insured by Year



Hail Insurance

The Hail Insurance program offers farmers the opportunity of insuring their crops against the single hazard of hail. Coverage is offered for all commercial crops grown anywhere in Alberta. The program operates separate and apart from the "all-risk" crop insurance program. Unlike crop insurance, which is heavily subsidized, the hail insurance program is entirely self-sustaining.

Premiums charged for hail insurance must be sufficient to pay indemnities and administrative expenses, as well as to build and maintain a reserve as a safeguard for years of unusually heavy losses. It is the policy of the Corporation to return surplus earnings to policyholders in the form of premium refunds in years of favorable loss experience.

In 1987, maximum coverage offered remained at $250 per acre for vegetables, potatoes and sugar beets. For other crops the maximum coverage was $125 per acre.

The 1987 Hail Season

Alberta farmers placed less hail insurance on their crops in 1987 than in either of the two preceding years. The dry conditions experienced over most of the province in the spring and early summer were mainly responsible though lower grain prices and depressed economic conditions on farms are also believed to have contributed to the decline. The number of policyholders dropped nearly 20% from the previous year to 7,948, while the risk written declined by more than 23% to $194,895,793.

Nevertheless, the Corporation continued to write nearly 70% of all straight hail insurance carried by Alberta farmers in 1987.

Premium rates were adjusted in individual townships to reflect loss experience, but the overall rate structure showed little change. In all, the premium rate was reduced in 313 townships, increased in 180 townships and remained unchanged in 2,339.

The incidence of hail was below normal both in the early and latter part of the growing season, but much above normal in late July when a stretch of unusually hot, humid weather generated numerous intense storms over widely scattered areas of the province. In the overall, damage from hail resulted in a loss-to-premium ratio of 66.11% which was considerably higher than the ratio of 51.18% in 1986 but still below the 50-year average of 71.66%.

Premium Refund

Because of the favourable loss experience in 1987, the Corporation was able to make a refund of 25% of premium to those policyholders who did not receive an indemnity, and 10% of premium to policyholders who received awards for hail damage. The refund totalled $2,668,361.

Reserves

Reserves of the Corporation for the hail insurance program were increased by $2,083,905 during the 1987-88 fiscal year to $23,730,110.

Reinsurance

To provide itself with protection in the event of exceptionally heavy losses due to hail, the Corporation renewed its reinsurance treaty arranged through Sterling Universal Reinsurers Ltd. With certain limitations this treaty covers 90% of losses in excess of the Corporation's annual gross net premium. Since indemnities paid by the Corporation in 1987 did not exceed its net premium, no claim was made on the reinsurance. The cost of this reinsurance in 1987 was $315,713.

Chronological Summary of Hail Storms in 1987

Hail was experienced on 44 days during the 1987 season, compared with 46 in 1986 and the 50-year average of 51 days. Major storms were reported as follows:

July 8	—Camrose, Ryley; Castor, Coronation
July 16	—Carseland, Standard
July 25	—Cayley, Vulcan; Strathmore, Gleichen; Taber, Vauxhall; Warner
July 29	—Falher, McLennan
July 30	—Morinville, Thorhild; Bawlf; Warner; Worsley, Beaverlodge
July 31	—Leduc, Calmar, Morinville, Wetaskiwin; Eckville, Ponoka; Byemoor, Endiang, Castor; Oyen
August 4	—Crossfield, Calgary
August 19	—Lethbridge, Taber
Sept. 2	—Barrhead, Westlock; High River, Claresholm, Vulcan, Carseland, Bassano
Sept. 5	—Lacombe

Crop Insurance

Canada-Alberta Crop Insurance is a plan offering farmers the assurance that, regardless of the weather, they will receive a guaranteed level of production from their insured crops. It is intended to reduce the risks of farming, enabling the farmer to plan ahead, confident that his income in any year will not drop below a certain level. The guarantee a policyholder receives is, as nearly as possible, intended to cover his out-of-pocket costs of production.

Crop insurance provides protection against serious crop loss caused by any of the natural hazards. An insured farmer is guaranteed a specific amount of production of a designated grade. If production falls below that level, the insured is paid for the shortage at a pre-selected dollar value per unit of production.

Maximum coverage allowed under crop insurance legislation is 80% of the producer's own average yields or the average in the area where the insured is located. While coverage in Alberta was offered at the 80% level for some of the special crops, for the grain and oilseed crops only the 60% and 70% levels were offered. Premium rates were based on the long-term loss experience of the area in which an insured is located. Participation in the program is voluntary.

The Canada-Alberta Crop Insurance Program is a joint program of the governments of Canada and Alberta. The Government of Canada pays one-half of the total premium, while the province administers the program, pays all administrative costs, and in addition pays a portion of the farmer's premium for cereal and oilseed crops in the higher risk areas. For 1987-88 the federal government's contribution was $56,034,072. The government of Alberta contributed $6,056,273 in administrative costs plus a high-risk subsidy of $4,314,965.

Changes in the Crop Insurance Program

Changes made in the crop insurance program for 1987 are summarized as follows:

(1) New Crops Added
Insurance was offered for field peas, fababeans and lentils for the first time in 1987.

(2) Size Discount Eliminated
The size discount based on the number of acres insured on a contract was discontinued in 1987. An analysis of the experience of various sized contracts showed that this discount was not actuarially sound.

(3) Coverage Adjustment
The Coverage Adjustment schedule was amended to slow the rate at which coverage is reduced as a result of claims. As well, the maximum reduction below basic coverage was set at 25% compared to the previous maximum of 40%. At the other end of the scale, the maximum upward adjustment was reduced to 25% from 30%, though policyholders already at the 30% level would be allowed to retain that adjustment until they have a claim. These changes in the adjustment schedule reduce the effect on coverage levels of claims resulting from conditions over which policyholders have little or no control.

(4) Experience Discounts
The discount schedule for good experience was amended to provide for a more rapid upward movement in the schedule as a result of the good experience of a policyholder during the early years he or she has been insured, and a slowing down of the downward movement in the schedule when claims have been made. The discount was eliminated for policyholders who have received cumulative indemnities in excess of the premiums paid, including the government share. The discount is intended to recognize, and encourage, good performance by policyholders.

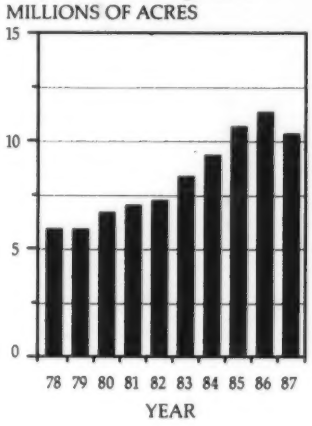
(5) Multi-year Disaster Benefit
This program was amended so that the additional coverage would apply in the second consecutive year that an area experiences a major crop loss. Previously the additional coverage did not apply in any area until the year after two successive losses had been experienced. The change was intended to permit the program to respond more quickly to the needs of policyholders in times of major crop losses.

1987 Crop Conditions

The 1987 crop started out with excellent conditions prevailing in all regions. Carryover moisture in the spring was good to very good in all areas and seeding was completed by early June. However, the months of April, May and June were unusually dry with precipitation only about one-third to one-half of normal. In the south and eastern sections of the province some fields of canola and flax were plowed down, and fields of winter wheat and fall rye cut for livestock feed. With the exception of the Peace River which received spring showers, it was not until early July that appreciable rain fell. Showers or good rains followed in most regions throughout July and August, greatly improving crop conditions and the outlook for a good harvest. The rains brought on second growth in southern and eastern sections of the province, but because of excellent harvesting weather virtually all crops were taken off in good condition, including those with

Canada-Alberta Crop Insurance Program

Acres Insured by Year



second growth. An estimated 96% of red spring wheat graded #3 C.W. or better, 91% of the barley #1 C.W. or better and 95% of the canola #2 C.R. or better, according to an estimate of the Alberta Wheat Pool. Damage from hail, though extensive, was below average.

While below those of 1986, overall yields were above normal and total production in Alberta of the six major grains was reported to be the second largest on record, having only been exceeded by the 1986 crop. Average per-acre yields as reported by the Alberta Wheat Pool were: Spring Wheat - 794 kg (29.2 bus.); Soft White Spring Wheat - 1707 kg (62.7 bus.); Winter Wheat - 833 kg (30.6 bus.); Durum Wheat - 777 kg (28.6 bus.); Oats - 1029 kg (66.7 bus.); Barley - 1174 kg (53.9 bus.); Rye - 693 kg (27.3 bus.); Flax - 499 kg (19.6 bus.); and Canola - 569 kg (25.1 bus.).

The 1987 Crop Insurance Season

Because of the generally good crop harvested in 1987 indemnities paid for production shortage under the basic program, amounting to $47,498,392, were well below the previous year's figure of $78,220,814. With a premium income of $65,976,692, the loss-to-premium ratio was 72.0% compared to 93.0% in 1986.

Hail Endorsement

Spot loss protection against hail loss is provided under the hail endorsement to crop insurance. This is an optional benefit available to those who elect it prior to May 31. The coverage offered is equal to that under the basic policy. The additional premium charged for this coverage is 80% of the normal hail insurance rate. The policyholder pays one-half of the premium charged with the balance being paid by the federal government.

The hail endorsement is a popular feature of the crop insurance program and was elected by 89.9% of the eligible policyholders with the basic insurance. Total coverage under the plan in 1987 was $507,086,681. Premiums totalled $33,566,881, while indemnities amounted to $24,165,248 for a loss-to-premium ratio of 71.99%. The experience of this program is detailed in Appendix B of this report.

High-Risk Subsidy

In 1987 the Province of Alberta continued to pay a portion of the farmers' share of premiums in the higher risk areas of the province. Under this initiative the province pays all of the farmers' premiums in excess of a 6% premium rate on crops insured at the 60% coverage level, and the excess over an 8% rate when insured at the 70% coverage level. This assistance is provided to keep insurance premiums affordable in those areas with a higher than average level of loss. This subsidy applies only to the grain program.

For the 1987-88 fiscal year this premium subsidy amounted to $4,314,965. Since it was introduced in 1975 the province has contributed $31,825,671 under this program.

Drought Assistance Programs

The Multi-year Disaster Benefit

This benefit, intended to provide additional coverage to areas which have experienced drought conditions in two successive years, was incorporated into the crop insurance program in 1986. The extra coverage offered under this benefit is equal to 10% of the ten-year area average yield. Policyholders in an eligible area who chose the 60% level of coverage received coverage equal to the 70% level, and those electing the 70% coverage level received coverage equal to 80%. The cost of providing this additional coverage is included in the premium rates.

For 1987, all of the Peace River area, with the exception of the County of Grande Prairie, qualified since loss payments in each of the two preceding years exceeded 20% of total risk. This benefit added $2,321,000 to crop insurance payments on the 1987 crop.

The Coverage Restoration Program

This program was continued in 1987 but at a reduced level of payment from that in effect for 1985 and 1986. Total awards amounted to $3,579,697, compared with $21,232,963 in 1986 and $24,802,018 in 1985.

When introduced in 1985 the Coverage Restoration Program restored to the pre-1984 level the coverage of policyholders which had been reduced because of losses in 1984 and 1985. For 1987 coverage levels were restored only to the basic level rather than to the levels built up in the years prior to the 1984 and 1985 droughts.

The Coverage Restoration Program was an initiative of Alberta Agriculture and, while not part of the crop insurance program, was closely related to it.

Honey Insurance Plan

1987 was the fifth year that honey insurance was offered in Alberta. Participation over this period has remained steady with 108 policyholders insuring nearly 95,000 hives or approximately 75% of the commercial hives in the province in 1987. Coverage is provided at 70% or 80% of the individual policyholder's own average yield over the latest five-year period. In 1987 generally good to excellent yields of honey were produced

in northern regions and the Peace River, while in southern and central regions yields were only fair to good due to the dry conditions in the spring and early summer.

Experience under the honey insurance program in 1987 and to date has been as follows:

Honey Insurance

	1987	1982-87 Inclusive
Insureds	108	—
Risk	$3,458,811	$18,664,118
Hives Insured	94,786	553,006
Premium	$ 569,390	$ 2,452,312
Loss	$ 196,455	$ 4,259,579
Loss-to-premium ratio	34.45%	173.69%

Alfalfa Insurance Program

Protection is provided under this program to farmers producing alfalfa for processing under contract to the two pelleting plants located at Falher and includes all contracted acreage. The plan provides both establishment and production coverage. In 1987 experience was generally favorable with claims paid amounting to only 26 per cent of premiums collected.

Livestock Feed Security Program

This insurance plan for livestock producers was initiated in 1979 as the Hay and Pasture Insurance program, following several years in which drought had caused critical shortages of livestock feed in Alberta. In 1986 it was renamed the Livestock Feed Security Program.

This is a drought insurance program intended to provide livestock producers and farmers producing hay with the opportunity of insuring against a shortage of forage resulting from this single peril. Under the plan farmers may either insure the feed supply for their livestock or the production of their hay crops. Those electing to insure their livestock feed supply were able to obtain coverage of from $80 to $150 per animal unit, while those insuring their hay received coverage of from $10 to $70 per acre, depending on their location.

Forage production as a percentage of normal is calculated by quarter-township using a computer model. This calculation takes into account mainly available moisture, but also other weather factors such as temperature and hours of sunshine. Calculations may then be adjusted after comparing results with actual hay measurements. When production falls below 80% of normal a payout is triggered, the amount depending on the shortfall. Since the program is area based, all policyholders within a quarter-township are paid at the same percentage rate.

The program, being relatively new in concept, was initiated as a pilot project and has gradually been expanded. In 1987 eligible areas included that portion of the province lying within or south of the Counties of Wetaskiwin, Camrose, Beaver, Minburn and Vermilion River.

In 1987 the critical months for forage production of April, May and June were unusually dry throughout the entire area in which the insurance was offered. As a consequence, forage production was below normal and substantial losses were paid. All policyholders qualified for payments, which in total amounted to $25,508,876 or 47.68% of total coverage. The loss-to-premium ratio was 287.49%.

Recognizing the need for better acceptance of the forage insurance program and the unfavorable loss experience to date, a committee was set up in the summer of 1987 to make a thorough review of the program, to assess the needs of producers and to recommend adjustments in the program where needed. Input was obtained from livestock and forage associations and a number of recommendations were made for consideration for the 1988 program. These included:

1) Refinement of the computer model used to calculate production.
2) Placing increased emphasis on yield measurements.
3) Adjustments to the premium and payout schedules to assure actuarial soundness.
4) Increased emphasis on education and public relations to promote better acceptance.
5) Expansion into the remainder of the province.

Summary of Experience for the Livestock Feed Security Program for 1987, 1986 and 1985:

	1987	1986	1985
Policyholders	3,555	4,842	1,135
Acres or Animal Units Insured	497,934	685,915	221,223
Actual Liability	$53,501,190	$98,948,090	$13,410,060
Total Premiums	$ 8,872,859	$15,783,373	$ 1,768,569
Number of Claims	3,555	2,642	1,135
Total Awards Paid	$25,508,876	$21,818,699	$ 7,444,301
Loss/Premium Ratio	287.49%	138.19%	420.92%
Loss/Risk Ratio	47.68%	22.04%	55.51%

Price Options 1987-88

Grain Crops	Non-pedigreed	Pedigreed
	per tonne	per tonne
Spring Wheat	$115	$138
Durum Wheat	$115	$138
Utility Wheat	$105	$126
Winter Wheat	$110	$132
Soft Spring Wheat	$105	$126
Oats	$ 60	$ 72
Barley	$ 65	$ 78
Mixed Grain	$ 65	$ 78
Fall Rye	$ 75	$ 90
Spring Rye	$ 70	$ 84
Canola	$210	$273
Mustard	$190	$247
Flax	$205	$267

Sunflowers	Only One Option
	per tonne
Confectionery	$264.00
Oilseed	$176.00

Special Crops	Option #1	Option #2
	per tonne	per tonne
Grain Corn	$ 92	$138
Seed Peas	$200	$240
Dry Beans	$370	$490
Potatoes	$ 88	$110
Field Peas	$110	$170
Fababeans	$110	$160
Lentils	$200	$300
	per kilogram	per kilogram
Pedigreed Seed Alfalfa	$1.87	$2.76
Pedigreed Seed Fescue	$0.79	$1.21

Vegetable Crops for Processing	Option #1	Option #2	Option #3
	per acre	per acre	per acre
Peas	$315.35	$337.90	$360.40
Beans	$326.80	$350.15	$373.50
Corn	$252.85	$270.90	$289.00
Carrots	$399.25	$432.50	$465.80

Fresh Vegetable Crops	Only One Option
	per tonne
Sweet Corn	$180.00
Cabbage	$197.00
Rutabagas	$ 94.00
Carrots	$ 70.00
Onions	$134.00

Sugar Beets	Option #1	Option #2
	per tonne	per tonne
	$23.00	$35.00

Alfalfa for Processing	Option #1	Option #2
	per tonne	per tonne
	$33.00	$41.00

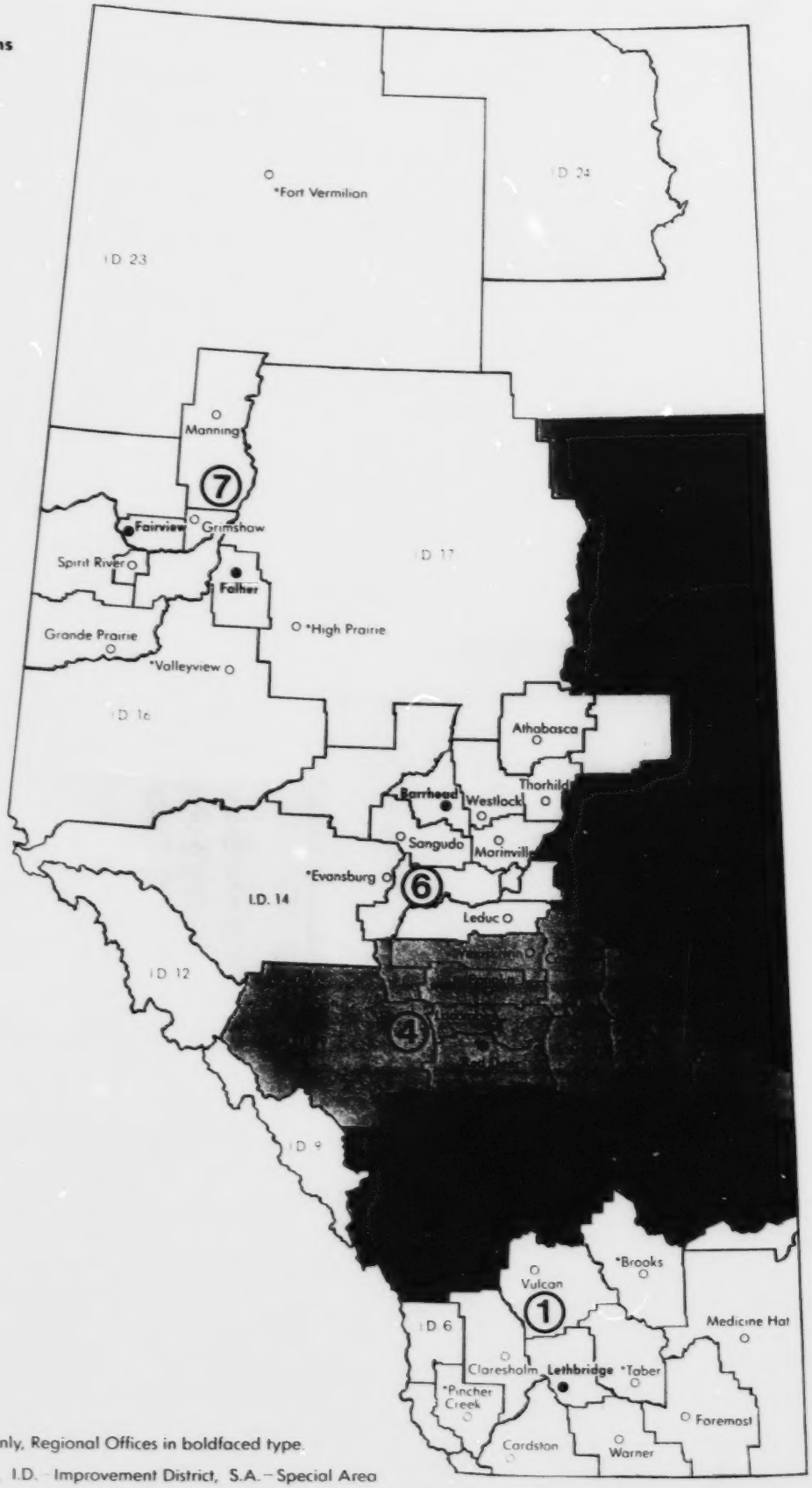
Honey	Only One Option
	per pound
	$.52

ALBERTA HAIL AND CROP INSURANCE CORPORATION

Supervisory Regions Showing Locations

Regional Office ●
District Office ○
Head Office ☆

①	M.D. 6	Cardston
	M.D. 9	Pincher Creek
	C. 26	**Lethbridge**
	C. 5	Warner
	C. 8	Foremost
	M.D. 1	Medicine Hat
	M.D. 14	Taber
	M.D. 26	Claresholm
	C. 2	Vulcan
	C. 4	Brooks
②	M.D. 31	High River
	C. 16	Strathmore
	M.D. 44	Calgary
	C. 17	**Didsbury**
	M.D. 48	Three Hills
	S.A. 3	Oyen
	S.A. 2	Hanna
	M.D. 47	Morrin
④	C. 6	Stettler
	C. 18	Castor
	C. 29	Sedgewick
	C. 23	**Red Deer**
	C. 14	Lacombe
	C. 3	Ponoka
	C. 10	Wetaskiwin
	C. 22	Camrose
⑤	C. 9	Ryley
	C. 27	**Vegreville**
	C. 24	Kitscoty
	C. 19	*St. Paul
	M.D. 52	Provost
	M.D. 61	Wainwright
	M.D. 87	*Bonnyville
	C. 13	*Smoky Lake
	C. 21	Two Hills
	C. 30	Lamont
⑥	C. 25	Leduc
	C. 7	Thorhild
	M.D. 90	Morinville
	M.D. 92	Westlock
	C. 11	**Barrhead**
	C. 28	Sangudo
	I.D. 14	*Evansburg
	C. 12	Athabasca
⑦	M.D. 130	**Falher**
	M.D. 135	Grimshaw
	M.D. 136	**Fairview**
	I.D. 22	Manning
	M.D. 133	Spirit River
	C. 1	Grande Prairie
	I.D. 17	*High Prairie
	I.D. 16	*Valleyview
	I.D. 23	*Fort Vermilion



*These offices were open half-days only, Regional Offices in boldfaced type.

C.—County, M.D.—Municipal District, I.D.—Improvement District, S.A.—Special Area

Financial Statements

March 31, 1988

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Auditor's Report

To the Board of Directors of the
Alberta Hail and Crop Insurance Corporation

I have examined the balance sheet of the Alberta Hail and Crop Insurance Corporation as at March 31, 1988 and the statements of revenue, expenditure and reserve - crop insurance and revenue, expenditure and reserve - hail insurance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

Edmonton, Alberta
July 14, 1988

Donald D. Salmon, C.A.
Auditor General

Balance Sheet

As at March 31, 1988

ASSETS	1988	1987
General		
Current:		
Cash	$ 816,317	$ 1,664,960
Short-term investments (Note 4)	31,832,145	20,161,054
Accounts receivable	1,699,296	3,429,087
Accrued interest receivable	908,008	651,886
Due from Reinsurance Fund of Alberta	18,749,101	18,285,729
Due from Government of Canada	5,109,243	5,317,039
Due from Reinsurance Fund of Canada for Alberta	2,303,144	—
Due from trust funds	—	1,357,724
	61,417,254	50,867,479
Long-term investments (Note 4)	5,936,221	6,315,283
Fixed assets	767,387	703,888
	68,120,862	57,886,650
Trust, Schedule 3	2,688,888	11,797,184
	$70,809,750	$69,683,834

The accompanying notes are part of these financial statements

	1988	1987
LIABILITIES		
General		
Current:		
Accounts payable	$ 266,317	$ 154,557
Salaries and commissions payable	290,056	412,435
Estimated indemnities payable	584,657	4,885,000
Premium refunds payable	2,674,205	3,610,196
Due to the Province of Alberta	39,808,130	25,289,547
Due to Reinsurance Fund of Canada for Alberta	—	1,184,822
	43,623,365	35,536,557
Capital surplus	767,387	703,888
Hail Insurance Reserve	23,730,110	21,646,205
	68,120,862	57,886,650
Trust, Schedule 3	2,688,888	11,797,184
	$70,809,750	$69,683,834

Statement of Revenue, Expenditure and Reserve - Crop Insurance

For the Year Ended March 31, 1988

	1988	1987
REVENUE		
Premiums charged to insured persons	$ 50,914,488	$ 69,538,550
Province of Alberta premium contributions (Note 6)	4,314,965	5,428,007
	55,229,453	74,966,557
Government of Canada contributions (Note 3(i))	56,034,072	72,298,657
	111,263,525	147,265,214
Less amounts ceded (Note 3(ii)):		
Crop Reinsurance Fund of Canada for Alberta	16,810,221	21,689,597
Crop Reinsurance Fund of Alberta	16,810,221	21,689,597
	33,620,422	43,379,194
	77,643,083	103,886,020
Investment income	1,536,971	2,587,039
	79,180,054	106,473,059
EXPENDITURE		
Indemnities	99,273,372	126,831,194
Administration expenses, Schedule 1	6,956,273	7,077,353
	106,229,645	133,908,547
Deficit for the year before recoveries	27,049,591	27,435,488
Less amounts recovered:		
Recoveries from reinsurance funds (Note 3(iii))	20,093,318	20,358,135
Administration expenses recovered from the Province of Alberta (Note 7)	6,956,273	7,077,353
	27,049,591	27,435,488
Unrecovered deficit for the year	—	—
Reserve at beginning of year	—	—
Reserve at end of year	$ —	$ —

Statement of Revenue, Expenditure and Reserve - Hail Insurance

For the Year Ended March 31, 1988

	1988	1987
REVENUE		
Premiums charged	$13,437,882	$17,196,196
Deduct:		
Reinsurance costs	315,713	401,517
Cash discounts allowed	313,367	380,328
Premium refunds	2,668,361	3,608,921
	3,297,441	4,390,766
Premiums, net	10,140,441	12,805,430
Investment income	2,294,338	2,032,897
	12,434,779	14,838,327
EXPENDITURE		
Indemnities	8,677,275	8,606,569
Administration expenses, Schedule 2	1,673,599	2,103,251
	10,350,874	10,709,820
Surplus for the year	2,083,905	4,128,507
Reserve at beginning of year	21,646,205	17,517,698
Reserve at end of year	$23,730,110	$21,646,205

Notes to the Financial Statements

March 31, 1988

Note 1 Authority

The Alberta Hail and Crop Insurance Corporation operates under the authority of the Hail and Crop Insurance Act, Chapter H-1, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

(i) These financial statements have been prepared in accordance with generally accepted accounting principles except that no depreciation has been provided on fixed assets as purchases are charged to operations in the year of acquisition. Fixed assets are shown on the balance sheet at cost with a corresponding credit shown as capital surplus.

(ii) Other significant accounting policies are as follows:

(a) **Crop Insurance Fund**

Contributions by the Government of Canada matching crop insurance premiums collected are included as income of the year the premiums are received. Amounts ceded to the Reinsurance Fund of Canada for Alberta and the Reinsurance Fund of Alberta are included as a deduction from revenue of the year the requirement to cede arose. Amounts recovered from the above Reinsurance Funds are included as a deduction from expenditure in the year the entitlement to recover arose.

(b) **Trust Funds**

The Corporation is responsible for the administration of various agriculture-related programs of the Province of Alberta or of the Province of Alberta and the Government of Canada in addition to the Hail Insurance program and the Crop Insurance program. These are regarded as incidental to the main business of the Corporation, are grouped under the heading 'Trust', and are summarized on Schedules 3 and 4.

(c) **Changes in Financial Position**

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Crop Insurance Program

An agreement between the Province of Alberta and the Government of Canada entered into pursuant to section 43 of the Hail and Crop Insurance Act provides:

(i) for contributions to be made by the Government of Canada matching the crop insurance premiums collected from insured persons,

(ii) that payments will be made to the Reinsurance Fund of Alberta and the Reinsurance Fund of Canada for Alberta based on crop insurance premiums collected plus the matching amount received or receivable from the Government of Canada,

(iii) that crop indemnities in excess of crop insurance reserves will be drawn from the Reinsurance Fund of Alberta and the Reinsurance Fund of Canada for Alberta, in accordance with a formula set out in the agreement for dividing any such excess between the Province of Alberta and the Government of Canada.

Note 4 Investments

Investments are recorded at amortized cost and are summarized as follows:

	1988		1987	
	Short-term	**Long-term**	Short-term	Long-term
Bonds and debentures:				
Government of Canada direct and guaranteed	**$ 1,446,585**	**$1,345,848**	$ —	$1,342,356
Provincial direct and guaranteed	**—**	**3,488,746**	173,889	3,446,347
Corporate	**200,000**	**1,101,627**	—	1,126,580
Guaranteed investment certificates and term deposits	**30,185,560**	**—**	19,987,165	400,000
	$31,832,145	**$5,936,221**	$20,161,054	$6,315,283
Approximate market value at March 31	**$32,051,100**	**$5,934,787**	$20,185,000	$6,629,920

Note 5 Reinsurance Funds

The balances in these funds, as at March 31, were as follows:

	Reinsurance Fund of Alberta		**Reinsurance Fund of Canada for Alberta**	
	1988	1987	**1988**	1987
Opening surplus (deficit)	**$(18,285,729)**	$(19,617,191)	**$(24,140,453)**	$(45,830,050)
Current year contributions	**16,810,221**	21,689,597	**16,810,221**	21,689,597
	(1,475,508)	2,072,406	**(7,330,232)**	(24,140,453)
Recoveries by the Corporation	**17,273,593**	20,358,135	**2,819,725**	—
Closing surplus (deficit)	**$(18,749,101)**	$(18,285,729)	**$(10,149,957)**	$(24,140,453)

Note 6 Province of Alberta Premium Contributions

In accordance with Crop Insurance Regulations proclaimed pursuant to the Hail and Crop Insurance Act, the Province of Alberta pays the insured person's portion of premium costs in excess of a stipulated percentage of the dollar coverage on grain and oilseed crops.

Note 7 Administration Expenses

Pursuant to section 35(3) of the Hail and Crop Insurance Act, all administration expenses relating to the crop insurance program have been paid by the Province of Alberta. Certain of these costs were common to the crop insurance and hail insurance programs and have been allocated to each on the basis of the number of insurance contracts processed in the year. Certain office accommodations have been provided by the Province of Alberta at no charge.

Note 8 Comparative Figures

The 1987 figures have been reclassified where necessary to conform to 1988 presentation.

Note 9 Approval of Financial Statements

These financial statements have been approved by management.

Schedule 1

Schedule of Administration Expenses - Crop Insurance

For the Year Ended March 31, 1988

	1988	1987
Salaries and employee benefits	$2,991,027	$2,549,761
Adjusters' wages and expenses	2,227,405	2,328,909
Data processing	229,811	235,648
Fieldmen's wages and expenses	226,777	267,825
Advertising	220,447	206,615
Printing, stationery and office supplies	183,545	141,374
Collection commissions and expenses	178,631	172,405
Directors' fees and expenses	116,064	112,834
Postage and freight	114,168	130,008
Office rental costs	95,504	90,474
Research	83,149	57,649
Travel and automobile expenses	65,183	51,155
Furniture and equipment	65,177	150,218
Grain grading costs	60,102	45,911
Telephone	51,918	63,621
Crop insurance review	—	437,722
Miscellaneous	47,365	35,224
	$6,956,273	$7,077,353

Schedule 2

Schedule of Administration Expenses - Hail Insurance

For the Year Ended March 31, 1988

	1988	1987
Agents' commissions	$ 958,396	$1,334,888
Salaries and employee benefits	339,779	328,442
Adjusters' wages and expenses	132,609	116,793
Advertising	72,538	80,258
Data processing	40,983	48,856
Printing, stationery and office supplies	25,654	34,314
Directors' fees and expenses	25,478	29,994
Postage and freight	21,442	29,707
Collection commissions and expenses	18,724	44,590
Travel and automobile expenses	11,775	11,423
Furniture and equipment	11,053	33,796
Telephone	2,120	3,801
Miscellaneous	13,048	6,389
	$1,673,599	$2,103,251

Schedule 3

Schedule of Trust Assets and Liabilities

As At March 31, 1988

	Wildlife Damage Fund	Alberta Crop Insurance Coverage Restoration Program	Total 1988	Total 1987
ASSETS				
Cash	$124,926	$2,534,272	$2,659,198	$11,485,937
Claim overpayments recoverable	—	9,840	9,840	62,130
Accrued interest receivable	4,380	15,470	19,850	33,456
Due from Province of Alberta, net	—	—	—	215,661
	$129,306	$2,559,582	$2,688,888	$11,797,184
LIABILITIES				
Accounts payable	$ 1,000	$ —	$ 1,000	$ 725
Estimated claims payable	—	100,000	100,000	2,493,821
Due to general	—	—	—	1,357,724
Unexpended funds	—	2,459,582	2,459,582	7,944,914
Due to Province of Alberta	128,306	—	128,306	—
	$129,306	$2,559,582	$2,688,888	$11,797,184

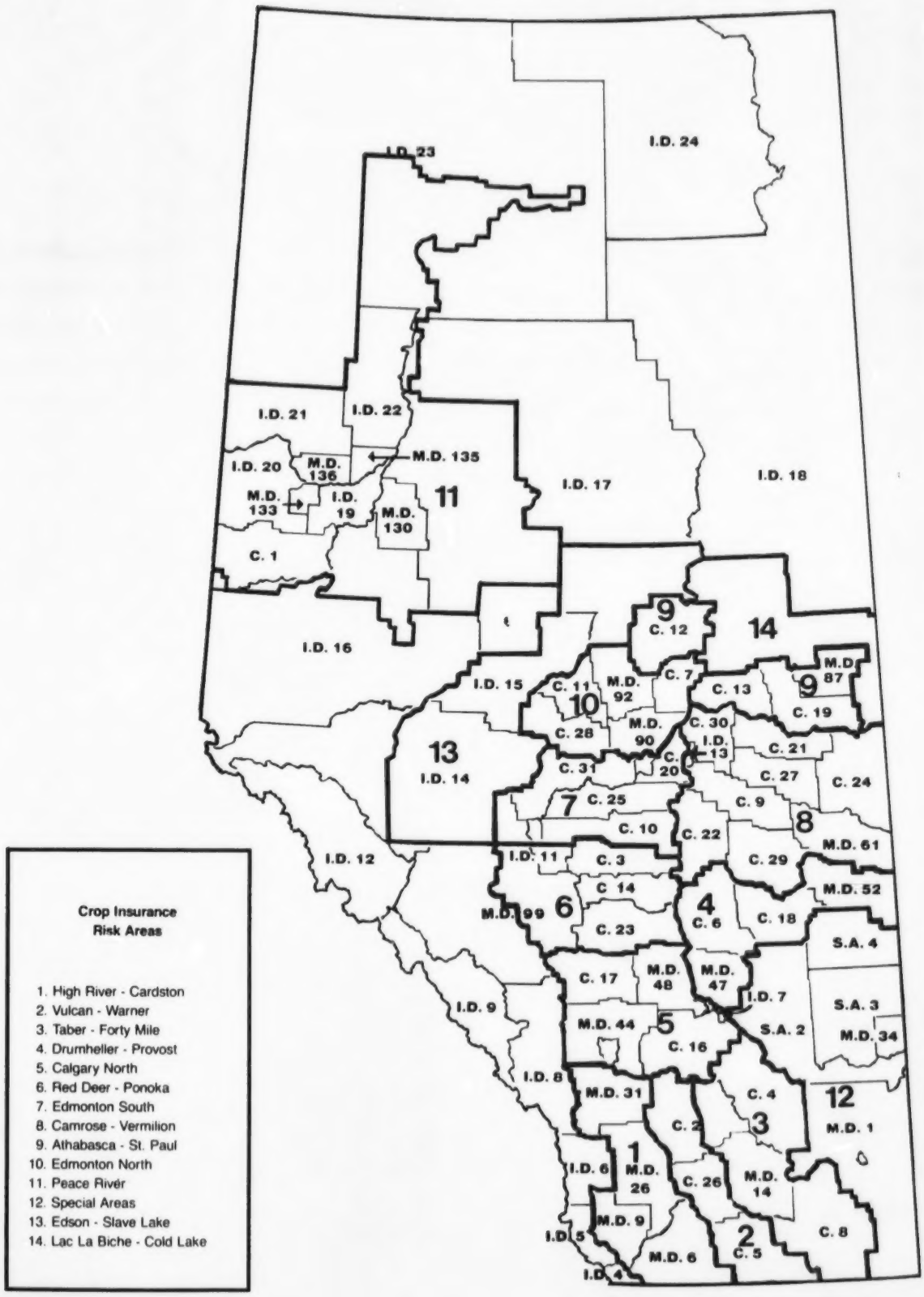
Schedule 4

Schedule of Trust Revenue, Expenditure and Unexpended Funds

As at March 31, 1988

	Wildlife Damage Fund	Alberta Crop Insurance Coverage Restoration Program	Total 1988	Total 1987
REVENUE				
Contributions from the Province of Alberta	$1,097,817	$ 5,000,000	$ 6,097,817	$28,482,432
Interest income	17,687	686,549	704,236	875,058
	1,115,504	5,686,549	6,802,053	29,357,490
EXPENDITURE				
Claims, net of recoveries	980,066	3,579,697	4,559,763	24,787,164
Administration expenses	135,438	13,112	148,550	429,272
	1,115,504	3,592,809	4,708,313	25,216,436
Excess of revenue over expenditure	—	2,093,740	2,093,740	4,141,054
Unexpended funds at beginning of year	—	7,944,914	7,944,914	3,803,860
	—	10,038,654	10,038,654	7,944,914
Funds returned to Province of Alberta	—	(7,579,072)	(7,579,072)	—
Unexpended funds at end of year	$ —	$ 2,459,582	$ 2,459,582	$ 7,944,914

Note: The 1987 comparative figures include amounts pertaining to the Low Appraisal Program which was wound up in 1986-87.



Crop Insurance Risk Areas

1. High River - Cardston
2. Vulcan - Warner
3. Taber - Forty Mile
4. Drumheller - Provost
5. Calgary North
6. Red Deer - Ponoka
7. Edmonton South
8. Camrose - Vermilion
9. Athabasca - St. Paul
10. Edmonton North
11. Peace River
12. Special Areas
13. Edson - Slave Lake
14. Lac La Biche - Cold Lake

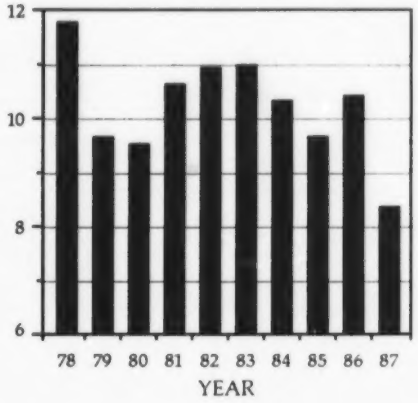
Alberta Hail Insurance Program

Comparative Hail Insurance Statistics

	1985	1986	1987	50-Year Average
Number of Policies	9,706	10,366	8,375	–
Acres Insured	3,310,211	3,638,704	2,923,530	2,496,310
Risk	$243,298,203	$254,208,578	$194,895,793	$62,790,129
Net Premium	$ 16,158,254	$ 16,815,868	$ 13,124,515	$ 4,159,960
No. of Days with Hail	41	46	44	51
No. of Claims Paid	1,137	1,527	1,729	2,262
Indemnities	$ 7,355,696	$ 8,606,569	$ 8,677,275	$ 2,981,205
Loss/Risk Ratio	3.02%	3.38%	4.45%	4.75%
Loss/Premium Ratio	45.52%	51.18%	66.11%	71.66%

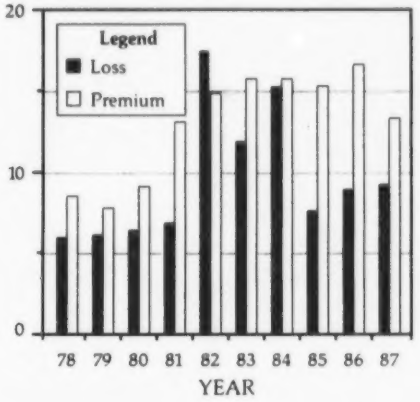
Number of Contracts by Year

THOUSANDS OF CONTRACTS



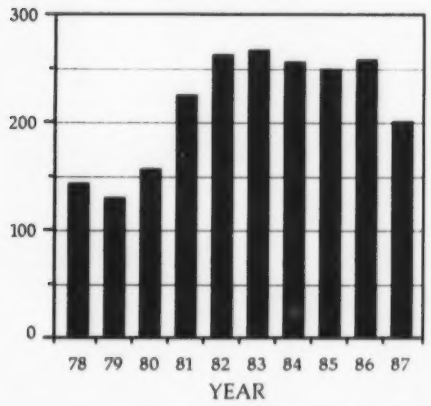
Premium and Loss by Year

MILLIONS OF DOLLARS



Risk by Year

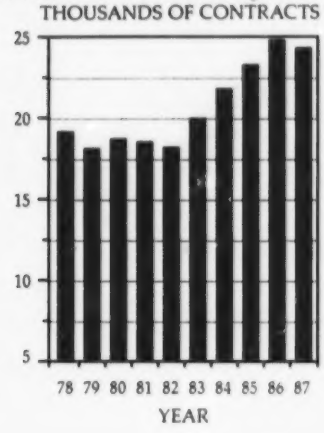
MILLIONS OF DOLLARS



Appendix B

Canada-Alberta Crop Insurance Statistics

Number of Contracts by Year



1987 Participation and Experience for

Risk Area	No. of Policies	Basic Risk	Basic Crop Premium	Basic Crop Loss	Basic Crop L/P Ratio (%)	No. with Hail End.
1	1,427	$ 40,349,923	$ 6,942,694	$ 1,862,804	26.8	1,343
2	1,639	45,421,497	5,717,197	2,413,867	42.2	1,412
3	2,139	66,996,341	7,389,579	2,175,747	29.4	1,835
4	1,552	44,041,251	4,161,781	7,748,315	186.2	1,452
5	3,014	88,226,914	7,473,494	3,049,837	40.8	2,757
6	2,116	48,484,665	3,658,727	1,919,955	52.5	2,169
7	982	13,888,251	1,037,485	1,202,363	115.9	972
8	4,278	109,599,970	8,162,180	13,399,407	164.1	4,161
9	585	7,911,749	961,018	796,170	82.9	529
10	1,038	13,661,942	1,306,022	894,187	68.5	946
11	3,784	69,271,944	14,068,579	8,413,370	59.8	2,470
12	1,779	43,076,043	5,701,374	8,377,084	146.9	1,534
13	107	783,209	81,343	21,838	26.9	110
14	60	479,892	60,563	73,617	121.6	54
	24,500	$592,193,591	$66,722,036	$52,348,561	78.5	21,744

Cumulative Experience for Grain,

Risk Area	Basic Risk	Basic Crop Premium	Basic Crop Loss	Basic Crop L/P Ratio (%)
1	$ 566,501,950	$ 47,351,789	$112,792,775	238.2
2	562,450,607	45,625,906	67,648,942	148.3
3	651,652,345	63,313,046	72,603,486	114.7
4	495,869,490	40,393,501	51,422,492	127.3
5	1,282,519,331	77,547,740	110,065,046	141.9
6	614,488,806	36,861,014	44,043,811	119.5
7	159,735,701	13,716,703	12,363,987	90.1
8	1,071,094,022	85,485,568	84,986,121	99.4
9	96,782,123	14,568,103	11,158,790	76.6
10	177,406,955	19,870,532	14,620,364	73.6
11	661,599,467	116,112,126	123,684,872	106.5
12	487,590,232	53,739,785	66,766,080	124.2
13	9,759,444	1,676,974	1,004,304	59.9
14	8,012,519	1,463,832	1,252,503	85.6
	$6,845,462,992	$617,726,619	$774,413,573	125.4

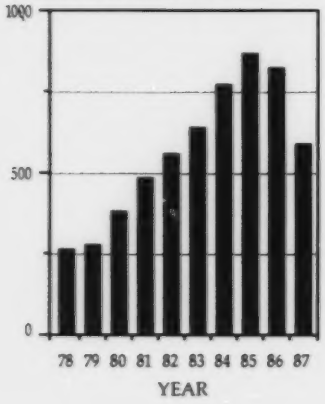
1965-1987 Inclusive for Basic Crop Insurance; 1973-1987 Inclusive for Hail Endorsement

Grain, Oilseed, Pedigreed and Special Crops

Hail End. Risk	Hail End. Premium	Hail End. Loss	Hail End. L/P Ratio (%)	Total Premium	Total Loss	Total L/P Ratio (%)
$ 36,204,976	$ 1,773,630	$ 1,538,795	86.8	$ 8,716,324	$ 3,401,599	39.0
36,999,374	2,013,470	2,140,268	106.3	7,730,667	4,554,135	58.9
56,151,215	3,120,262	1,886,313	60.5	10,509,841	4,062,060	38.7
38,464,542	2,997,744	968,081	32.3	7,159,525	8,716,396	121.8
76,393,858	5,875,664	4,432,146	75.4	13,349,158	7,481,983	56.1
47,472,216	5,032,556	4,149,891	82.5	8,691,283	6,069,846	69.8
13,397,782	845,288	3,068,096	363.0	1,882,773	4,270,459	226.8
100,353,536	7,020,590	3,026,086	43.1	15,182,770	16,425,493	108.2
7,073,156	342,616	114,223	33.3	1,303,634	910,393	69.8
12,202,935	729,758	652,806	89.5	2,035,780	1,546,993	76.0
46,321,779	2,059,996	1,343,706	65.2	16,128,575	9,757,076	60.5
34,974,183	1,554,488	818,543	52.7	7,255,862	9,195,627	126.7
744,071	43,306	17,461	40.3	124,649	39,299	31.5
379,743	15,376	2,336	15.2	75,939	75,953	100.0
$507,133,366	$33,424,744	$24,158,751	72.3	$100,146,780	$76,507,312	76.4

Risk by Year

MILLIONS OF DOLLARS



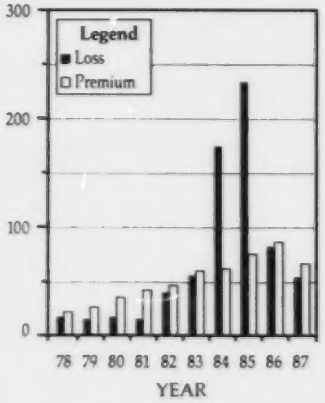
Oilseed, Pedigreed and Special Crops

Hail End. Risk	Hail End. Premium	Hail End. Loss	Hail End. L/P Ratio (%)	Total Premium	Total Loss	Total L/P Ratio (%)
$ 439,947,914	$ 21,361,178	$ 13,547,532	63.4	$ 68,712,967	$126,340,307	183.9
403,702,393	19,294,728	16,788,214	87.0	64,920,634	84,437,156	130.1
512,993,098	25,959,161	23,148,745	89.2	89,272,207	95,752,231	107.3
365,182,016	23,255,462	23,791,914	102.3	63,648,963	75,214,406	118.2
915,181,130	68,088,321	36,174,250	53.1	145,636,061	146,239,296	100.4
498,389,762	46,190,354	36,909,164	79.9	83,051,368	80,952,975	97.5
131,487,632	7,661,741	7,866,567	102.7	21,378,444	20,230,554	94.6
807,918,071	44,924,475	39,423,981	87.8	130,410,043	124,410,102	95.4
71,609,634	2,858,873	1,819,534	63.7	17,426,976	12,978,324	74.5
125,650,753	6,860,186	4,339,356	63.3	26,730,718	18,959,720	70.9
401,872,865	15,457,932	7,311,023	47.3	131,570,058	130,995,895	99.6
366,566,035	16,316,837	9,430,293	57.8	70,056,622	76,196,373	108.8
7,432,470	420,843	192,862	45.8	2,097,817	1,197,166	57.1
4,153,155	139,524	53,321	38.2	1,603,356	1,305,824	81.4
$5,052,086,928	$298,789,615	$220,796,756	73.9	$916,516,234	$995,210,329	108.6

Premium and Loss by Year

(Excluding Hail Endorsement)

MILLIONS OF DOLLARS



1987 Summary of Experience for Grain and Oilseed Crops

(Excluding the Hail Endorsement)

Crop	Premium*	Loss	L/P Ratio (%)
Spring Wheat	$22,473,436	$26,483,837	117.8
Oats	1,885,909	1,304,297	69.2
Barley	14,498,075	7,003,119	48.3
Flax	224,587	176,638	78.7
Fall Rye	146,242	363,514	248.6
Canola	16,504,490	10,470,003	63.4
Spring Rye	35,920	53,425	148.7
Mustard	186,388	101,447	54.4
Mixed Grain	288,351	229,091	79.4
Winter Wheat	1,744,248	1,217,612	69.8
Utility Wheat	409,768	430,787	105.1
Durum Wheat	4,978,956	2,976,333	59.8
Soft White Spring Wheat	892,783	315,805	35.4
TOTAL	$64,269,153	$51,125,908	79.6

*Includes Federal Contribution and Provincial High Risk Subsidies

1987 Insured Acreage for Grain and Oilseed Crops

Risk Area	Spring Wheat	Oats	Barley	Flax	Fall Rye	Spring Rye
1	342,986	26,482	406,505	277	4,650	20
2	289,838	7,575	151,980	3,303	6,440	696
3	352,169	5,058	61,491	8,465	2,202	607
4	425,018	45,272	144,695	4,871	2,522	1,802
5	560,959	40,212	608,920	2,221	11,551	0
6	56,115	29,693	473,751	22	909	0
7	28,799	24,725	140,575	80	65	0
8	665,483	77,248	507,527	4,566	1,521	1,654
9	22,995	12,753	66,557	228	50	55
10	20,493	26,127	152,863	179	0	0
11	437,434	45,711	404,943	4,055	483	0
12	610,760	56,560	46,371	2,636	5,083	5,261
13	2,035	2,776	10,827	0	0	0
14	1,673	2,015	4,551	0	0	0
Province	3,816,757	402,207	3,181,556	30,903	35,476	10,095

Cumulative Experience for Grain and Oilseed Crops

(Excluding the Hail Endorsement)

Crop**	Premium*	Loss	L/P Ratio (%)
Spring Wheat	$229,591,784	$282,993,754	123.3
Oats	28,891,979	30,654,823	106.1
Barley	183,266,135	226,005,330	123.3
Flax	4,237,980	5,745,808	135.6
Fall Rye	1,583,749	1,907,528	120.4
Canola	118,947,598	146,706,887	123.3
Spring Rye	286,333	343,006	119.8
Mustard	2,366,692	4,731,157	199.9
Mixed Grain	3,292,088	4,039,970	122.7
Winter Wheat	7,588,565	13,318,949	175.5
Utility Wheat	4,323,206	7,345,046	169.9
Durum Wheat	20,306,539	35,065,550	172.7
Soft White Spring Wheat	6,719,452	8,661,480	128.9
TOTAL	$611,402,100	$767,519,288	125.5

*Includes Federal Contribution and Provincial High Risk Subsidies

**By Crops, Insurance was first offered as follows:

1965—Wheat, Oats and Barley
1969—Canola
1971—Flaxseed
1974—Fall Rye
1975—Winter Wheat, Spring Rye, Mustard and Mixed Grain
1976—Utility Wheat
1980—Durum Wheat
1982—Soft White Spring Wheat
1984—Pedigreed Seed

Canola	Mustard	Mixed Grain	Durum Wheat	Winter Wheat	SWS Wheat	Utility Wheat	All Crops Total
43,064	3,897	4,115	74,777	42,003	2,763	7,386	958,925
51,138	8,685	2,742	177,872	52,390	25,947	12,803	791,409
29,776	6,766	196	188,151	43,948	78,802	6,524	784,155
162,102	870	4,403	8,400	2,732	0	2,214	804,901
231,207	2,243	6,516	17,666	10,846	869	11,940	1,505,150
154,152	0	7,679	0	840	0	6,640	729,801
37,272	0	2,145	0	50	0	666	234,377
532,296	0	6,682	1,385	175	0	4,101	1,802,638
49,077	0	544	0	50	0	0	152,309
41,464	0	1,634	0	0	0	0	242,760
498,976	0	365	0	2,945	0	0	1,394,912
24,875	5,275	10,141	118,022	20,033	11,308	3,049	919,374
2,108	0	407	0	0	0	0	18,153
2,868	0	120	0	0	0	0	11,227
1,860,375	27,736	47,689	586,273	176,012	119,689	55,323	10,350,091

1987 Summary of Experience for Special Crops

Crop	Number Insured	Acres Insured	Basic Premium*	Basic Risk	Basic Loss	Basic L/P Ratio (%)
Seed Peas	89	6,242	$ 98,463	$ 1,091,849	$ 32,979	33.5
Fababeans	3	172	1,746	8,882	1,056	60.5
Dry Beans	159	18,759	396,139	4,131,989	123,904	31.3
Lentils	107	10,367	139,178	821,910	140,701	101.1
Potatoes	51	8,773	393,429	6,311,908	9,870	2.5
Grain Corn	29	6,729	136,111	1,302,231	35,823	26.3
Ped. Alfalfa Seed	33	3,899	89,419	942,747	109,854	122.8
Alfalfa-Processing	212	61,408	365,187	2,097,336	95,093	26.0
Ped. Cr. R. Fescue	11	1,146	16,870	112,578	35,412	209.9
Field Peas	193	23,680	272,374	1,623,118	483,665	177.6
Sunflowers	26	2,725	26,671	306,190	1,948	7.3
Sugar Beets	164	11,513	268,891	5,164,284	151,186	56.2
Fresh Vegetables	31	808	89,242	604,054	96,246	107.8
	1,108	156,221	$2,293,720	$24,519,076	$1,317,737	57.4

Cumulative Summary of Experience for Special Crops

Seed Peas, Dry Beans 1976-1987; Potatoes 1975-1987; Grain Corn 1981-1987;

Crop	Number Insured	Acres Insured	Basic Premium*	Basic Risk	Basic Loss	Basic L/P Ratio (%)
Seed Peas	510	33,630	$ 440,616	$ 4,678,154	$ 148,527	33.7
Fababeans	3	172	1,748	8,883	1,057	60.5
Dry Beans	930	78,483	1,539,942	15,807,715	1,004,568	65.2
Lentils	107	10,367	139,178	821,910	140,701	101.1
Potatoes	369	56,088	1,632,724	32,954,453	2,017,123	123.5
Grain Corn	163	35,786	811,469	8,001,712	855,897	105.5
Ped. Alfalfa Seed	98	10,783	211,651	2,295,370	207,006	97.8
Alfalfa-Processing	212	61,408	365,187	2,097,336	95,093	26.0
Ped. Cr. R. Fescue	42	3,461	39,448	322,153	55,020	139.5
Field Peas	510	23,680	272,374	1,623,118	483,665	177.6
Sunflowers	88	7,815	77,532	900,819	41,703	53.8
Sugar Beets	306	20,847	491,333	9,249,359	302,749	61.6
Fresh Vegetables	66	2,076	89,246	604,054	96,248	107.8
	3,404	344,596	$6,112,448	$79,365,036	$5,449,357	89.1

1987 Summary of Experience for Processing Vegetable Crops

Crop	No. of Insureds	Acres Insured	Basic Premium*	Basic Risk	Basic Loss	Basic L/P Ratio (%)
Peas	82	2,411	$ 88,277	$ 867,076	$127,239	144.1
Beans	8	202	9,728	75,438	3,911	40.2
Carrots	3	52	2,261	24,221	0	0.0
Corn	32	1,703	58,872	492,262	9,240	15.7
	125	4,368	$159,138	$1,458,997	$140,390	88.2

Cumulative Summary of Experience for Processing Vegetable Crops

Peas 1969-1987; Beans 1971-1987; Corn 1973-1987; Carrots 1979-1987

Crop	No. of Insureds	Acres Insured	Basic Premium*	Basic Risk	Basic Loss	Basic L/P Ratio (%)
Peas	1,311	74,984	$1,473,682	$14 715,943	$1,352,471	91.8
Beans	258	8,306	256,081	1,761,884	185,236	72.3
Carrots	29	254	27,157	188,737	8,830	32.5
Corn	462	31,237	722,221	6,184,791	716,513	99.2
	1,598	83,544	$1,756,920	$16,666,564	$1,546,537	88.0

*Includes Federal Contribution

Hail End. No. Insured	Hail End. Premium*	Hail End. Risk	Hail End. Loss	Hail End. L/P Ratio (%)	Total Premium*	Total Loss	Total L/P Ratio (%)
86	$ 82,318	$ 1,063,010	$ 52,492	63.8	$ 180,781	$ 85,471	47.3
3	668	8,883	536	80.2	2,414	1,592	65.9
127	275,450	3,169,359	76,288	27.7	671,589	200,192	29.8
100	58,410	742,368	44,771	76.6	197,588	185,472	93.9
45	312,202	5,758,939	76,227	24.4	705,631	86,097	12.2
26	74,590	1,197,348	20,730	27.8	210,701	56,553	26.8
20	38,128	621,589	15,056	39.5	127,547	124,910	97.9
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7	5,140	107,036	4,913	95.6	22,010	40,325	183.2
174	127,220	1,454,493	183,730	144.4	399,594	667,395	167.0
26	16,780	307,021	3,808	22.7	43,451	5,756	13.2
163	106,290	2,797,375	90,927	85.5	375,181	242,113	64.5
14	21,646	275,332	1,671	7.7	110,888	97,917	88.3
791	$1,118,842	$17,502,753	$571,149	51.0	$3,047,375	$1,793,793	58.9

PS Alfalfa, PS Fescue 1984-1987; Sunflowers 1985-1987; Fresh Vegetables 1987

Hail End. No. Insured	Hail End. Premium*	Hail End. Risk	Hail End. Loss	Hail End. L/P Ratio (%)	Total Premium*	Total Loss	Total L/P Ratio (%)
454	$ 270,735	$ 4,257,860	$ 340,290	125.7	$ 543,109	$ 823,955	151.7
3	668	8,883	536	80.2	2,416	1,593	65.9
594	641,530	9,816,139	494,931	77.1	2,181,472	1,499,499	68.7
100	58,410	742,368	44,771	76.6	197,588	185,472	93.9
277	1,619,292	28,419,994	1,038,859	64.1	3,252,016	3,055,982	94.0
151	452,833	7,596,775	233,634	51.6	1,264,302	1,089,531	86.2
54	79,199	1,478,657	23,390	29.5	290,850	230,396	79.2
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
20	7,728	178,681	4,913	63.6	47,176	59,933	127.0
174	127,220	1,454,493	183,730	144.4	399,594	667,395	167.0
85	49,375	885,023	34,176	69.2	126,907	75,879	59.8
163	207,756	2,797,375	135,547	65.2	699,089	438,296	62.7
39	62,408	807,103	4,164	6.7	151,654	100,412	66.2
2,114	$3,577,154	$58,443,351	$2,538,941	71.0	$9,156,173	$8,228,343	89.9

HAIL ENDORSEMENT NOT AVAILABLE FOR PROCESSING VEGETABLE CROPS

Summary of Experience for Basic Program and Hail Endorsement for Grain, Oilseed and Special Crops by Year

(Hail Endorsement available since 1973)

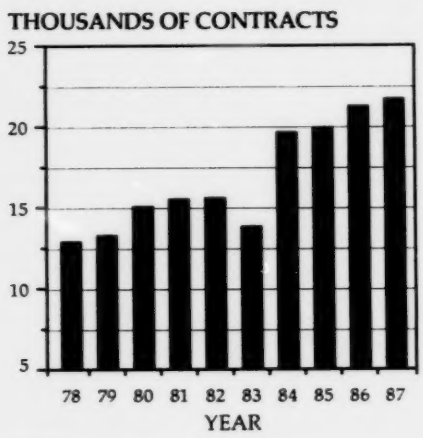
Year	No. of Insureds	Acres Insured '000	Total Risk '000
1965	1,312	250	$ 3,232
66	4,408	991	13,460
67	9,892	2,271	36,857
68	15,763	3,910	63,950
69	16,201	3,561	57,105
70	12,856	2,306	31,941
71	11,323	2,429	33,310
72	10,202	2,314	37,073
73	12,296	3,201	73,399
74	13,883	3,838	125,863
75	18,685	5,113	215,976
76	18,580	5,343	229,289
77	20,878	6,301	279,520
78	19,258	5,908	259,967
79	18,253	5,882	280,471
80	18,862	6,640	381,048
81	18,638	7,009	483,148
82	18,323	7,204	547,384
83	20,050	8,289	663,600
84	21,939	9,292	760,839
85	23,431	10,575	863,035
86	24,994	11,166	825,200
87	24,500	10,350	592,194
TOTAL	370,527	124,143	$7,857,851

Premiums			Loss			
Basic '000	Hail End. '000	Total '000	Basic '000	Hail End. '000	Total '000	L/P Ratio (%)
$ 291		$ 291	$ 48		$ 48	16.5
1,004		1,004	315		315	31.4
2,573		2,573	1,200		1,200	46.6
4,598		4,598	5,508		5,508	119.8
4,180		4,180	6,298		6,298	150.6
2,801		2,801	1,699		1,699	60.7
2,926		2,926	2,410		2,410	82.4
2,802		2,802	2,119		2,119	75.6
5,660	$ 2,330	7,990	5,671	$ 765	6,436	80.5
10,510	3,948	14,458	11,695	2,111	13,806	95.5
20,657	6,742	27,399	11,284	7,072	18,356	66.9
22,969	7,580	30,549	9,692	6,808	16,500	54.0
27,263	9,692	36,955	33,225	4,905	38,130	103.2
26,932	9,512	36,444	14,791	7,895	22,686	62.2
28,138	11,134	39,272	14,129	12,717	26,846	68.3
36,300	17,136	53,436	14,741	17,285	32,026	59.9
42,722	22,446	65,168	13,110	13,680	26,790	41.1
44,254	25,702	69,956	30,615	31,796	62,411	89.2
52,824	33,294	86,118	51,208	25,405	76,613	89.0
56,164	40,868	97,032	173,943	38,003	211,946	218.4
70,660	46,820	117,480	236,144	23,475	259,619	221.0
85,788	45,064	130,852	82,777	21,839	104,616	79.9
66,722	33,424	100,146	52,349	24,159	76,508	76.4
$618,738	$315,692	$934,430	$774,971	$237,915	$1,012,886	108.4

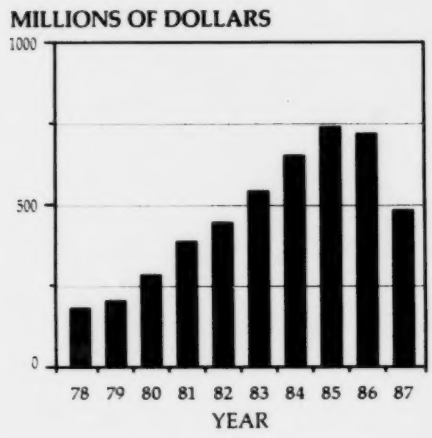
1987 Hail Endorsement Experience for Grain and Oilseed Crops

Crop	Acres	Total Risk	Total Premium	Total Loss	L/R Ratio (%)	L/P Ratio (%)
Spring Wheat	3,225,533	$183,533,529	$ 9,796,066	$ 6,676,677	3.6	68.2
Oats	329,770	10,011,856	568,236	470,219	4.7	82.8
Barley	2,797,866	125,243,728	7,788,302	8,015,153	6.4	102.9
Flax	26,120	1,668,505	89,188	30,197	1.8	33.9
Fall Rye	32,356	914,574	54,118	53,521	5.9	98.9
Canola	1,619,811	106,619,842	10,710,056	6,496,788	6.1	60.7
Spring Rye	7,749	147,648	6,786	2,190	1.5	32.3
Mustard	24,833	1,165,781	96,944	45,132	3.9	46.6
Mixed Grain	43,996	1,768,877	111,084	68,623	3.9	61.8
Winter Wheat	157,735	8,703,947	418,620	318,589	3.7	76.1
Utility Wheat	44,103	2,715,063	167,752	193,598	7.1	115.4
Durum Wheat	493,655	26,439,631	1,249,416	535,050	2.0	42.8
SWS Wheat	116,498	14,479,272	803,092	298,181	2.1	37.1
	8,920,025	$483,412,253	$31,859,660	$23,203,918	4.8	72.8

Number of Contracts By Year



Risk by Year



Premium and Loss by Year